

PERMANENT SELECT COMMITTEE

ON INTELLIGENCE

WASHINGTON, D.C. 20515

June 26, 1981

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Honorable William J. Casey
Director of Central Intelligence
Washington, D. C. 20505

Dear Mr. Casey:

During the past four years, the Committee has supported several CIA and intelligence community legislative initiatives addressing financial hardships and personal risks faced by intelligence personnel overseas. However, the Committee views the overseas pay initiative set forth in your June 10, 1981 letter as a significant departure from past CIA personnel pay practices and cannot support its implementation without additional and substantial justification.

A Committee review of the legislative history of the Foreign Service Act of 1980, cited in your letter, clearly indicates that the purpose of adjusting Foreign Service pay was to improve comparability with the General Schedule. In offering the Administration's views on the matter, the Deputy Director of OMB wrote on April 1, 1980 that "... Foreign Service pay rates are related to General Schedule pay rates through a series of 'linkages', that is, grade levels under the two pay systems which have been determined to be of an equivalent level of work, and thus appropriately paid the same rates of pay." He further cited a "major review" conducted by the Office of Personnel Management and a State Department study that examined comparability between the Foreign Service and General Schedule systems. The higher linkages indicated by these comprehensive studies were implemented by the President following enactment of the Foreign Service Act of 1980 and resulted in a one-time increase averaging 9.6%.

It is inevitable that these new linkages would produce the pay comparability change which you cite in your letter since it was a stated purpose of the new Foreign Service Act. To raise the pay of a group of personnel historically aligned with the General Schedule could tend to again imbalance these linkages. Moreover, the Committee is concerned about potential additional inequities which may be created among various groups of CIA employees, other intelligence agencies, or other federal agencies with employees serving overseas.

The Committee recognizes the importance of this matter to the CIA and is open, as always, to further discussion of employee compensation issues. However, the Committee believes that a comprehensive comparability study which considers civilian employees of all HFIP elements and considers the effects of total compensation, i.e., all benefits and allowances including retirement differences, as well as pay, must provide the basis for future pay proposals.

Finally, the Committee is concerned that implementation of an overseas pay increase under the authority of the CIA Act runs counter to well accepted interpretations of the Act. A review of Comptroller General decisions establishes that the extraordinary authority of the Act may not be used to disregard the provisions of the Classification Act of 1949 with respect to normal administrative or operating problems. Further, such interpretations have relied on the Agency's expressed policy of adherence to the General Schedule established by the Classification Act.

With every good wish, I am

Sincerely yours,

EDWARD P. BOLAND
Chairman